

SECRET

# Westinghouse

ELECTRIC CORPORATION



AIR ARM BUILDING

PHONE: SOUTHFIELD 1-1000  
FRIENDSHIP INT'L AIRPORT  
BOX 746, BALTIMORE 3, MD.

April 20, 1959

25X1

To:

SUBJECT: Contracts TA-3034 and BE-2022  
Request for Incorporation  
of Clause Referring to  
Military Development

Reference: Westinghouse letter this subject dated December 30, 1958.

Dear Joe:

Referenced letter requested the incorporation in the subject contract of a clause referring to Military Development. We wish to advise that the following similar clause has been recently negotiated in recently executed contracts with the Navy, i.e. Contracts NOas 59-6099 and NONr-2841 (00) (X):

"Costs incurred for general research will be allowable to the extent they are found to be reasonable and properly allocable."

In view of this, we request you consider the application of this new clause to the subject contracts.

Very truly yours,

Project Liaison  
Air Arm Division

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DD-2950-59  
COPY 1 OF 1

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*4.3.72  
This is taken care of  
by OH adjustments in  
Amendment No. 1*

*OK  
5/5/59*

*File:  
TA-3034  
TAP*

**Westinghouse**  
ELECTRIC CORPORATION



AIR ARM BUILDING

PHONE: SOUTHFIELD 1-1000  
FRIENDSHIP INT'L AIRPORT  
BOX 746, BALTIMORE 3, MD.

December 30, 1958

B5093N

Subject: Contracts TA-3034 and BE-2022. Request for incorporation  
of clause referring to Military Development

It is the Contractor's understanding that the Military Departments are now of the opinion that Cost-Plus-A-Fixed-Fee contracts must contain an expression of the allowability of a Contractor's independent research and development costs for the Departments to be in a position to continue their practice of allowing such costs during "after the fact" overhead rate negotiations. The Contractor, therefore, respectfully requests the incorporation of such expression in the subject contracts, and in all of the Contractor's future CPFF contracts and suggests the following as suitable wording:

"The prorated portion of the Contractor's general research and development expense (standard and long range major development and central engineering services) shall be an allowable item of indirect expense. As an indirect expense, it shall be subject to the provisions of the clause thereof entitled 'Negotiated Overhead Rates'."

It is expected that the wording will provide allowability during the entire period of performance of each contract.

The Contractor will be glad to discuss this matter with you, if desired. The senior DOD negotiators who have attended recent overhead rate negotiations are quite familiar with this subject.

Sincerely,

Project Liaison  
Air Arm Division

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